

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY BELGRADE
INFO AMCONSUL ZAGREB

C O N F I D E N T I A L STATE 300482

E.O. 11652: GDS

TAGS: YO

SUBJECT: EXPORT CONTROL PROCEDURE - STOCKING

REF: A) STATE 227206; B) BELGRADE 4796

1. COMMERCE PLANS ISSUE LICENSES FOR IBM EXPORT TO INTER-
TRADE WITH TEMPORARY WAIVER OF END USE CERTIFICATES.
FOLLOWING AMOUNTS OF SPARE PARTS \$30,000 REEXPORT FROM WEST
GERMANY (BEWT CASE 186434); \$650,000 BEWT CASE 186435; AND
\$493,827 REEXPORT FROM FRANCE BEWT CASE 995897. IBM
SUPPLIED LIST OF CUSTOMERS HOLDING OR LEASING IBM EQUIPMENT
AND NEW CUSTOMERS SOON TO OBTAIN IBM EQUIPMENT. LICENSES
ISSUED WITH UNDERSTANDING DISTRIBUTION OF SPARE PARTS IS

AUTHORIZED ONLY TO THEM.

2. THIS SOLUTION IS POSSIBLE IN CASE FOR IBM AND INTERTRADE
BECAUSE LONG AND CLOSE RELATIONSHIP EXISTS AND RELIABILITY
OF BOTH ENTERPRISES UNQUESTIONED. SIMILAR CASES WILL BE
REVIEWED WITH VIEW TO REACHING SIMILAR RESOLUTION. FYI
SITUATION HELPED BY FACT MOST IBM SYSTEMS LEASED NOT REPEAT
NOT SOLD TO CUSTOMERS IN YUGOSLOVAL. END FYI.

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3. AS INDICATED REF A PROBLEM EXISTS WHEN STOCKS ARE FOR RESALE IN GENERAL I.E. NOT REPEAT NOT FOR MRO (MAINTENANCE, REPAIR AND OPERATION) OF U.S. EQUIPMENT BUT ARE FOR SALE TO YUGOSLAV ENTITIES FOR OTHER USES. WE STILL HAVE TO COME TO

GRIPS WITH THIS PHASE OF STOCKING PROBLEM AND WILL PRE-SUMABLY MAKE DECISION BASED ON CLOSENESS OF RELATIONSHIP BETWEEN THE PRINCIPALS AND THE BONA FIDES OF BOTH.

4. AS EXCEPTION, WE WILL ISSUE LICENSE BEFORE RECEIPT OF END USE CERTIFICATE FOR TRANSACTION PARA 1. ACTION: IBM INFORMED THAT DIMOV INSTRUCTED NOT TO ISSUE SUBJECT EUC'S. PLEASE REQUEST DIMOV TO ISSUE EUC FOR ABOVE CASE AS PROMPTLY AS POSSIBLE.

5. FOR FUTURE CASES IT WOULD BE HELPFUL IF EUC FOR MRO SPARES WOULD SAY JUST THAT. GOODS FOR OTHER TYPES OF STOCKS COULD BE IDENTIFIED AS "CONSIGNMENT STOCKS." WE CAN REQUEST FURTHER VERIFICATION OF END USE AS NECESSARY. EUC'S WITHOUT EITHER IDENTIFICATION WE WOULD ASSUME ARE FOR SPECIFIC INDIVIDUAL CUSTOMERS AND WOULD REQUEST FURTHER INFORMATION AS NECESSARY.

6. BY THE WAY, WHAT HAS HAPPENED TO OUR PROPOSAL FOR SUPPLY TO EMBASSY OF INFORMATION TO SUPPLEMENT EUC'S? (SEE PARA 2 REF 1). ACTION: PLEASE COMMUNICATE THESE REMARKS TO DIMOV AND REPORT HIS REACTIONS. KISSINGER

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